

CORKER AMENDMENT TO CLIMATE CHANGE BILL CLIMATE TAX REFUND CHECK

The Corker amendment would provide direct relief to American consumers bearing the brunt of the cap-and-trade program's costs.

Background:

The Lieberman-Warner Climate Security Act is not simply a cap-and-trade system. It is a huge spending bill that uses non-discretionary spending—funded in essence by a tax on the American people—to spend *trillions* of dollars on new and existing government programs.

Under this legislation, emission allowances are either freely allocated or sold through an annual auction. Most of the revenue generated by these auctions is set aside and automatically spent for various programs—throughout the life of the bill—without going through the appropriations process.

A summary showing the funding involved in the Boxer substitute amendment estimates that a total of \$3.3 trillion will be generated by the auction process through 2050. This is based on the assumption that carbon allowances will be worth approximately \$22/ton in 2012. However, today in Europe, carbon allowances are selling for approximately \$40/ton. If our carbon prices reflect the current prices in the EU, obviously the money generated from the annual auction will be far greater.

Why this amendment is necessary:

If this bill were to become law, every American would pay more for gasoline, more for electricity, more for food, and more for everything they buy. Rather than using the revenue generated from this cap-and-trade system, which is going to raise prices, to fund government programs, Senator Corker believes it makes more sense to return the revenue directly to the people that will be burdened with these additional costs.

What this amendment would do:

The Corker amendment would annually return all the auction revenue generated under the cap-and-trade program to American consumers. This relief would be paid by check each year to individuals earning \$150,000 or less and to married couples earning \$300,000 or less. In addition, the amendment would auction a greater portion of the allowances, which would make more relief available for consumers.

CORKER AMENDMENT TO CLIMATE CHANGE BILL ELIMINATING THE MIDDLEMEN

The Corker amendment would increase direct reimbursement to the American people by eliminating free allowances—worth over a TRILLION dollars—to entities not reducing carbon emissions.

Background:

Under the Lieberman-Warner Climate Security Act, emission allowances are either freely allocated or sold through an annual auction. Of the allowances not sold through the auction process, some are freely allocated to industries that must reduce emissions, while others are given to entities (state governments/suppliers of power and natural gas) that do not have to reduce emissions but act as middlemen between the federal government and consumers. These middlemen do not have to submit permits to emit greenhouse gas emissions; rather, they are directed to use their allowances, which are equivalent to marketable assets, to fund an array of programs designed to assist consumers.

While the local distribution companies are permitted to use the value of their allowances for more limited purposes, states are granted broad authority to use the value of their allowances for any number of programs.

Why this amendment is necessary:

Senator Corker believes the American people would be better served receiving relief directly rather than relying on middlemen to provide that relief through additional programs.

What this amendment would do:

The Corker amendment would take the allowances given away to states in section 602 and section 614, as well as to local distribution companies in section 601, and auction those allowances instead, directing the proceeds to consumer tax relief.

**CORKER/SANDERS AMENDMENT TO CLIMATE CHANGE BILL
ELIMINATING INTERNATIONAL OFFSETS**

The Corker/Sanders amendment would eliminate the use of international offsets to meet emissions reductions.

Background:

The Lieberman-Warner Climate Security Act allows emitters to satisfy a portion of their annual reductions with international offsets and international allowances. Some of these offsets may be obtained from projects in developing countries such as China, and some offsets may be obtained by purchasing allowances from an international cap-and-trade market.

Why this amendment is necessary:

While proponents of offsets argue that emission reductions are equally effective no matter where they occur and are less costly in developing countries, there are serious questions about the integrity of many of these projects. It is also very difficult to determine whether these projects would have occurred anyway, regardless of the project developers' incentive to make money off their reductions. The use of international offsets is a potentially large loophole that allows us to promote emissions reduction targets that are not real.

In addition, these offsets would have a distorting effect on the U.S. cap-and-trade market, and at a time when we're facing huge trade deficits, would lead to billions of American dollars being spent overseas in countries like China, instead of in America.

What this amendment would do:

This amendment would eliminate the use of international offsets by striking Subtitle B of Title III and Subtitle B of Title XIII. In place of these subtitles, the amendment inserts Sense of the Senate language recognizing the importance of international forest protection to stabilizing global climate and finds that Congress should develop a mechanism to support such protection.